

**RUTHVEN-AYRSHIRE COMMUNITY  
SCHOOL DISTRICT**

**Independent Auditor's Report  
Basic Financial Statements  
and Supplementary Information  
Schedule of Findings**

**June 30, 2005**

**DAVID A. MASKE**

Certified Public Accountant  
Spencer, Iowa

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

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# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## OFFICIALS

NAME	TITLE	TERM EXPIRES
<b>BOARD OF EDUCATION (Before September 2004 Election)</b>		
Greg Olson	President	2006
Susan Sikora	Vice-President	2006
Rae Lynn Sanculi	Board Member	2005
Todd Suhr	Board Member	2004
Dave Forey	Board Member	2005
Lisa Berkland	Board Member	2005
Dan Geelan	Board Member	2004

## **BOARD OF EDUCATION (After September 2004 Election)**

Greg Olson	President	2006
Susan Sikora	Vice-President	2006
Rae Lynn Sanculi	Board Member	2005
Todd Suhr	Board Member	2007
Dave Forey	Board Member	2005
Lisa Berkland	Board Member	2005
Dan Geelan	Board Member	2007

## SCHOOL OFFICIALS

Ervin Rowlands	Superintendent
Regina Reynolds	District Secretary/Treasurer

# DAVID A. MASKE

## Certified Public Accountant

110 West 4<sup>th</sup> Street, Suite # 205  
P.O. Box 1297  
Spencer, IA 51301

712/262-6087  
(fax) 712/262-6089

### INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Ruthven-Ayrshire Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ruthven-Ayrshire Community School District, Ruthven, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

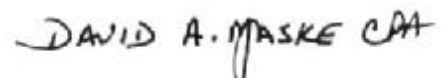
I conducted my audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Ruthven-Ayrshire Community School District at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my reports dated December 21, 2005, on my consideration of Ruthven-Ayrshire Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 5 and 22 through 24 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ruthven-Ayrshire Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other auditors previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the aforementioned statements taken as a whole.



**DAVID A. MASKE**  
Certified Public Accountant

December 21, 2005  
Spencer, Iowa

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Ruthven-Ayrshire Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

## 2005 FINANCIAL HIGHLIGHTS

General Fund revenue increased from \$2,172,080 in fiscal 2004 to \$2,191,356 in fiscal 2005, while General fund expenditures increased from \$2,098,421 to \$2,238,012 in fiscal year 2005. The District's General Fund balance decreased from \$512,201 in fiscal 2004 to \$397,073 in fiscal 2005.

## USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Ruthven-Ayrshire Community School District as a whole and represent an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Ruthven-Ayrshire Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Ruthven-Ayrshire Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The Government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of net Assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- § Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its more significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

- 2) **Proprietary funds:** Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## Governmental Activities

For 2005, revenues for governmental activities were \$2,519,852 and expenses were \$2,460,472.

The cost of governmental activities was financed with \$1,032,929 in property and other taxes, \$1,012,684 from state sources, and \$107,936 from federal sources.

## Business Type Activities

Revenues for business type activities were \$104,277 and expenses were \$111,274. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

### Governmental Fund Highlights

- The General Fund balance decreased from \$512,201 to \$397,073.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased to \$284,905 in fiscal 2005 from \$263,491 in fiscal 2004.
- The Capital Projects Fund balance increased from \$5,817 in 2004 to \$123,109 in 2005.
- The Management Fund balance increased to \$54,185 in 2005 from \$34,669 in 2004.

### Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$29,415 at June 30, 2004 to \$22,418 at June 30, 2005.

## **BUDGETARY HIGHLIGHTS**

The District's receipts were \$142,910 more than budgeted receipts.

Total expenditures were less than budgeted by \$46,282.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures and non-instructional programs functional areas due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2005, the District had invested \$2.0 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio -visual equipment and transportation equipment. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$51,213.

### **Long-Term Debt**

At June 30, 2005, the district had no outstanding bonds or notes payable.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Regina Reynolds, District Secretary / Treasurer.

# **BASIC FINANCIAL STATEMENTS**



# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
Cash and Cash Investments:			
Other .....	\$ 987,966	\$ 18,498	\$1,006,464
Receivables:			
Property Tax:			
Delinquent.....	14,466	-0-	14,466
Succeeding Year.....	828,831	-0-	828,831
Accounts .....	3,384	43	3,427
Due from Other Governments .....	21,200	-0-	21,200
Inventories.....	-0-	1,484	1,484
Capital Assets, Net of Accumulated Depreciation .....	<u>2,026,959</u>	<u>2,393</u>	<u>2,029,352</u>
 TOTAL ASSETS	 <u>\$3,882,806</u>	 <u>\$ 22,418</u>	 <u>\$3,905,224</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable .....	\$ 734	\$ -0-	\$ 734
Salaries and Benefits Payable .....	109,097	-0-	109,097
Deferred Revenue – Succeeding Year Property Tax.....	828,831	-0-	828,831
Long-Term Liabilities:			
Portion Due Within One Year:			
Compensated Absences and Early Retirement.....	16,845	-0-	16,845
Portion Due After One Year:			
Early Retirement .....	<u>13,500</u>	<u>-0-</u>	<u>13,500</u>
 TOTAL LIABILITIES	 <u>\$ 969,007</u>	 <u>\$ -0-</u>	 <u>\$ 969,007</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt.....	\$2,026,959	\$ 2,393	\$2,029,352
Restricted For:			
Management Levy .....	54,185	-0-	54,185
Physical Plant and Equipment Levy.....	284,905	-0-	284,905
Other Special Revenue Purposes .....	57,913	-0-	57,913
Unrestricted.....	<u>489,837</u>	<u>20,025</u>	<u>509,862</u>
 TOTAL NET ASSETS	 <u>\$2,913,799</u>	 <u>\$ 22,418</u>	 <u>\$2,936,217</u>

See notes to financial statements.

## RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICE	OPERATING GRANTS, CONTRIBUTIONS & RESTRICTED INTEREST	CAPITAL GRANTS, CONTRIBUTIONS & RESTRICTED INTEREST	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>Functions / Programs:</b>							
Governmental Activities:							
Instruction:							
Regular Instruction .....	\$ 1,079,269	\$ -0-	\$ 357,619	\$ -0-	\$ (721,650)	\$ -0-	\$ (721,650)
Special Instruction .....	274,288	-0-	-0-	-0-	(274,288)	-0-	(274,288)
Other Instruction .....	266,718	73,661	-0-	-0-	(193,057)	-0-	(193,057)
	<u>\$ 1,620,275</u>	<u>\$ 73,661</u>	<u>\$ 357,619</u>	<u>\$ -0-</u>	<u>\$ (1,188,995)</u>	<u>\$ -0-</u>	<u>\$ (1,188,995)</u>
Support Services:							
Student Services.....	\$ 54,654	\$ -0-	\$ -0-	\$ -0-	\$ (54,654)	\$ -0-	\$ (54,654)
Instructional Staff Services .....	18,141	-0-	-0-	-0-	(18,141)	-0-	(18,141)
Administration Services .....	311,179	-0-	-0-	-0-	(311,179)	-0-	(311,179)
Operation & Maintenance of Plant Services .....	187,690	-0-	-0-	-0-	(187,690)	-0-	(187,690)
Transportation Services .....	107,711	-0-	-0-	-0-	(107,711)	-0-	(107,711)
	<u>\$ 679,375</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (679,375)</u>	<u>\$ -0-</u>	<u>\$ (679,375)</u>
Other Expenditures:							
Facilities Acquisition .....	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
AEA Flowthrough .....	85,406	-0-	85,406	-0-	-0-	-0-	-0-
	<u>\$ 85,406</u>	<u>\$ -0-</u>	<u>\$ 85,406</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Governmental Activities	\$ 2,385,056	\$ 73,661	\$ 443,025	\$ -0-	\$ (1,868,370)	\$ -0-	\$ (1,868,370)
Business Type Activities:							
Non-Instructional Programs:							
Food Service Operations .....	111,274	46,981	57,296	-0-	-0-	(6,997)	(6,997)
<b>TOTAL</b>	<u>\$ 2,496,330</u>	<u>\$ 120,642</u>	<u>\$ 500,321</u>	<u>\$ -0-</u>	<u>\$ (1,868,370)</u>	<u>\$ (6,997)</u>	<u>\$ (1,875,367)</u>
<b>General Revenue:</b>							
Property Tax Levied For:							
General Purpose .....					\$ 765,743	\$ -0-	\$ 765,743
Capital Outlay .....					64,488	-0-	64,488
Local Option Sales and Service Tax .....					117,292	-0-	117,292
Unrestricted State Grants .....					1,012,684	-0-	1,012,684
Other.....					43,160	-0-	43,160
<b>TOTAL GENERAL REVENUES</b>					<u>\$ 2,003,367</u>	<u>\$ -0-</u>	<u>\$ 2,003,367</u>
Change in Net Assets					\$ 134,997	\$ (6,997)	\$ 128,000
Net Assets – Beginning of Year					2,778,802	29,415	2,808,217
Net Assets – End of Year					\$ 2,913,799	\$ 22,418	\$ 2,936,217

See notes to financial statements.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2005

	GENERAL	CAPITAL PROJECTS	NONMAJOR SPECIAL REVENUE	TOTAL
<b><u>ASSETS</u></b>				
Cash and Pooled Investments:				
Other .....	\$ 491,776	\$ 101,978	\$ 394,212	\$ 987,966
Receivables:				
Property Tax:				
Delinquent.....	12,415	-0-	2,051	14,466
Succeeding Year.....	719,466	-0-	109,365	828,831
Accounts .....	2,644	-0-	740	3,384
Due from Other Governments .....	69	21,131	-0-	21,200
<b>TOTAL ASSETS</b>	<b><u>\$1,226,370</u></b>	<b><u>\$ 123,109</u></b>	<b><u>\$ 506,368</u></b>	<b><u>\$1,855,847</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable .....	\$ 734	\$ -0-	\$ -0-	\$ 734
Salaries and Benefits Payable.....	109,097	-0-	-0-	109,097
Deferred Revenue:				
Succeeding Year Property Tax.....	719,466	-0-	109,365	828,831
<b>TOTAL LIABILITIES</b>	<b>\$ 829,297</b>	<b>\$ -0-</b>	<b>\$ 109,365</b>	<b>\$ 938,662</b>
<b><u>FUND BALANCES</u></b>				
Unreserved .....	<u>397,073</u>	<u>123,109</u>	<u>397,003</u>	<u>917,185</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$1,226,370</u></b>	<b><u>\$ 123,109</u></b>	<b><u>\$ 506,368</u></b>	<b><u>\$1,855,847</u></b>

See notes to financial statements.

**RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2005

Total Fund Balances of Governmental Funds (Page 10) ..... \$ 917,185

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital Assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds ..... 2,026,959

Long-term liabilities, including compensated absences,  
early retirements, are not due and payable in the current  
period and, therefore, are not reported in the funds ..... (30,345)

Net Assets of Governmental Activities (Page 7) ..... \$ 2,913,799

**RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<b>GENERAL</b>	<b>CAPITAL PROJECTS</b>	<b>NONMAJOR SPECIAL REVENUE</b>	<b>TOTAL</b>
Revenues:				
Local Source:				
Local Tax .....	\$ 794,589	\$ 117,292	\$ 121,048	\$1,032,929
Tuition .....	158,525	-0-	-0-	158,525
Other .....	117,750	-0-	90,028	207,778
State Sources .....	1,012,556	-0-	128	1,012,684
Federal Sources .....	<u>107,936</u>	<u>-0-</u>	<u>-0-</u>	<u>107,936</u>
TOTAL REVENUES	<u>\$2,191,356</u>	<u>\$ 117,292</u>	<u>\$ 211,204</u>	<u>\$2,519,852</u>
Expenditures:				
Current:				
Instruction:				
Regular Instruction .....	\$1,057,804	\$ -0-	\$ 28,342	\$1,086,146
Special Instruction .....	274,288	-0-	-0-	274,288
Other Instruction .....	<u>192,579</u>	<u>-0-</u>	<u>57,174</u>	<u>249,753</u>
	<u>\$1,524,671</u>	<u>\$ -0-</u>	<u>\$ 85,516</u>	<u>\$1,610,187</u>
Support Services:				
Student Services .....	\$ 54,654	\$ -0-	\$ -0-	\$ 54,654
Instructional Staff Services .....	18,141	-0-	-0-	18,141
Administration Services .....	311,179	-0-	-0-	311,179
Operation & Maintenance of				
Plant Services .....	140,447	-0-	31,452	171,899
Transportation Services .....	<u>103,514</u>	<u>-0-</u>	<u>-0-</u>	<u>103,514</u>
	<u>\$ 627,935</u>	<u>\$ -0-</u>	<u>\$ 31,452</u>	<u>\$ 659,387</u>
Other Expenditures:				
Facility Acquisition .....	\$ -0-	\$ -0-	\$ 105,492	\$ 105,492
AEA Flowthrough .....	<u>85,406</u>	<u>-0-</u>	<u>-0-</u>	<u>85,406</u>
	<u>\$ 85,406</u>	<u>\$ -0-</u>	<u>\$ 105,492</u>	<u>\$ 190,898</u>
TOTAL EXPENDITURES	<u>\$2,238,012</u>	<u>\$ -0-</u>	<u>\$ 222,460</u>	<u>\$2,460,472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (46,656)	\$ 117,292	\$ (11,256)	\$ 59,380
Other Financing Sources (Uses):				
Transfers .....	(68,673)	-0-	68,673	-0-
Equipment Sale .....	<u>201</u>	<u>-0-</u>	<u>-0-</u>	<u>201</u>
Net Change in Fund Balances	\$ (115,128)	\$ 117,292	\$ 57,417	\$ 59,581
FUND BALANCES – BEGINNING OF YEAR,	<u>512,201</u>	<u>5,817</u>	<u>339,586</u>	<u>857,604</u>
FUND BALANCES – END OF YEAR	<u>\$ 397,073</u>	<u>\$ 123,109</u>	<u>\$ 397,003</u>	<u>\$ 917,185</u>

See notes to financial statements.

**RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2005**

Net Change in Fund Balances - Total Governmental Funds (Page 10) ..... \$ 59,581

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for Capital Assets .....	\$ 130,699	
Depreciation Expense .....	<u>(51,213)</u>	79,486

Decrease in Compensated Absences and Early Retirement Liabilities.....	<u>(4,070)</u>
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Change in Net Assets of Governmental Activities (Page 7) ..... \$ 134,997

# **RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**

## **STATEMENT OF NET ASSETS PROPRIETARY FUND**

JUNE 30, 2005

	<b><u>School Nutrition</u></b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents.....	\$ 18,498
Inventories.....	1,484
Accounts Receivable .....	43
Capital Assets, Net of Accumulated Depreciation .....	<u>2,393</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>22,418</u></b>
<b><u>LIABILITIES</u></b>	
None.....	<u>\$ -0-</u>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, Net of Related Debt .....	\$ 2,393
Unrestricted.....	<u>20,025</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>22,418</u></b>

See notes to financial statements.

**RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2005**

	<u><b>School Nutrition</b></u>
Operating Revenues:	
Local Sources:	
Charges for Service .....	\$ 46,981
Operating Expenses:	
Non-Instructional Programs:	
Food Service Operations:	
Salaries.....	\$ 38,426
Benefits.....	5,148
Purchased Services.....	457
Supplies .....	65,664
Depreciation .....	1,579
TOTAL OPERATING EXPENSES	\$ 111,274
OPERATING (LOSS)	\$ (64,293)
Non-Operating Revenues:	
State Sources .....	\$ 3,733
Federal Sources .....	53,517
Interest Income .....	46
TOTAL NON-OPERATING REVENUES	\$ 57,296
CHANGE IN NET ASSETS	\$ (6,997)
NET ASSETS – BEGINNING OF YEAR	29,415
NET ASSETS – END OF YEAR	\$ 22,418

See notes to financial statements.



# **RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**

## **STATEMENT OF CASH FLOWS PROPRIETARY FUND**

**YEAR ENDED JUNE 30, 2005**

	<u><b>School Nutrition</b></u>
Cash Flows from Operating Activities:	
Cash Received from Sale of Lunches and Breakfasts .....	\$ 46,938
Cash Paid to Employees for Services .....	(43,574)
Cash Paid to Suppliers for Goods or Services .....	(59,087)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (55,723)</u>
Cash Flows from Non-Capital Financing Activities:	
State Grants Received.....	\$ 3,733
Federal Grants Received.....	<u>47,174</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>\$ 50,907</u>
Cash Flows from Investing Activities:	
Interest on Investments .....	<u>\$ 46</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,770)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>23,268</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 18,498</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss) .....	\$ (64,293)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Commodities Used .....	6,343
Depreciation.....	1,579
(Increase) in Receivables .....	(43)
Decrease in Inventories .....	<u>691</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (55,723)</u>

### **Non-Cash Investing, Capital and Financing Activities:**

During the year ended June 30, 2005, the District received \$6,343 of federal commodities.

See notes to financial statements.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Ruthven-Ayrshire Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Ruthven and Ayrshire, Iowa, and the predominate agricultural territory in the surrounding counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. REPORTING ENTITY

For financial reporting purposes, Ruthven-Ayrshire Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. Ruthven-Ayrshire Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. BASIS OF PRESENTATION

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

**Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

**Restricted net assets** result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net assets** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – CONTINUED:

The proprietary fund of the District applied all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. ASSETS, LIABILITIES AND FUND EQUITY

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental fund types is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property taxes receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and the fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

#### D. ASSETS, LIABILITIES AND FUND EQUITY – CONTINUED:

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land .....	\$ 2,000
Buildings .....	10,000
Improvements Other Than Buildings .....	10,000
Furniture and Equipment:	
School Nutrition Fund Equipment .....	500
Other Furniture and Equipment .....	2,000

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings .....	50 years
Improvements Other Than Buildings .....	20-50 years
Furniture and Equipment .....	5-15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. A available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use. However it is not payable upon termination, death or retirement.

# **RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**JUNE 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

#### **D. ASSETS, LIABILITIES AND FUND EQUITY – CONTINUED:**

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### **E. BUDGETS AND BUDGETARY ACCOUNTING**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements in the non-instructional and other expenditures functions exceeded the amounts budgeted.

### **NOTE 2 - CASH AND POOLED INVESTMENTS:**

The District's deposits in banks at June 30, 2005, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies, and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

### **NOTE 3 – DUE FROM AND DUE TO OTHER FUNDS:**

There were no interfund receivables or payables at June 30, 2005.

### **NOTE 4 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP):**

There were no Iowa School Cash Anticipation Program (ISCAP) transactions during the year ended June 30, 2005.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2005

### NOTE 5 – CAPITAL ASSETS:

Capital Assets activity for the year ended June 30, 2005, was as follows:

	BALANCE BEGINNING OF YEAR	INCREASES	DECREASES	BALANCE END OF YEAR
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land.....	\$ 10,567	\$ -0-	\$ -0-	\$ 10,567
Capital Assets Being Depreciated:				
Buildings .....	\$ 1,285,836	\$ 104,109	\$ 15,616	\$ 1,374,329
Furniture and Equipment.....	1,073,231	26,590	3,988	1,095,823
Total Capital Assets Being Depreciated	\$ 2,359,067	\$ 130,699	\$ 19,604	\$ 2,470,162
LESS - Accumulated Depreciation For:				
Buildings .....	\$ 23,015	\$ 15,791	\$ 15,616	\$ 23,190
Furniture and Equipment.....	399,146	35,422	3,988	430,580
Total Accumulated Depreciation	\$ 422,161	\$ 51,213	\$ 19,604	\$ 453,770
Total Capital Assets Being Depreciated, Net	\$ 1,936,906	\$ 79,486	\$ -0-	\$ 2,016,392
Governmental Activities Capital Assets, Net	\$ 1,947,473	\$ 79,486	\$ -0-	\$ 2,026,959
	BALANCE BEGINNING OF OF YEAR	INCREASES	DECREASES	BALANCE END OF YEAR
<b>Business Type Activities:</b>				
Furniture and Equipment.....	\$ 54,594	\$ -0-	\$ -0-	\$ 54,594
LESS – Accumulated Depreciation .....	50,622	1,579	-0-	52,201
Business Type Activities Capital Assets, Net	\$ 3,972	\$ 1,579	\$ -0-	\$ 2,393

Depreciation expense was charged to the following functions:

<b>Governmental Activities:</b>	
Instruction:	
Regular .....	\$ 31,225
Support Services:	
Operation and Maintenance of Plant.....	15,791
Transportation.....	4,197
Total Depreciation Expense – Governmental Activities	\$ 51,213
<b>Business Type Activities:</b>	
Food Service Operations.....	\$ 1,579

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2005

### NOTE 6 – LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2005, are summarized as follows:

	BALANCE BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE END OF YEAR	DUE WITHIN ONE YEAR
Early Retirement .....	\$ 25,050	\$ -0-	\$ 6,200	\$ 18,850	\$ 5,350
Compensated Absences .....	1,225	10,270	-0-	11,495	11,495
TOTAL	<u>\$ 26,275</u>	<u>\$ 10,270</u>	<u>\$ 6,200</u>	<u>\$ 30,345</u>	<u>\$ 16,845</u>

#### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives are based on age and the employee's annual salary. Early retirement expenditures for the year ended June 30, 2005, totaled \$6,200.

### NOTE 7 - PENSION AND RETIREMENT BENEFITS:

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004, and 2003. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003, were \$77,289, \$74,452, and \$72,740 respectively, equal to the required contributions for each year.

### NOTE 8 - RISK MANAGEMENT:

Ruthven-Ayrshire Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### NOTE 9 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$85,406 for the year ended June 30, 2005, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### NOTE 10 – TRANSFERS:

During the year ended June 30, 2005, the General Fund transferred out a total of \$68,673; \$7,168 was transferred to Management Fund and \$61,505 was transferred to the Physical Plant and Equipment Levy Fund.



## **REQUIRED SUPPLEMENTARY INFORMATION**

# **RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**

## **BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2005

	<b>GOVERNMENTAL FUNDS ACTUAL</b>	<b>PROPRIETARY FUND ACTUAL</b>	<b>TOTAL ACTUAL</b>	<b>BUDGETED AMOUNTS FINAL</b>	<b>FINAL TO ACTUAL VARIANCE</b>
<b>RECEIPTS:</b>					
Local Sources .....	\$ 1,386,632	\$ 46,984	\$ 1,433,616	\$ 1,253,146	\$ 180,470
State Sources .....	1,012,684	3,733	1,016,417	1,022,377	(5,960)
Federal Sources .....	<u>107,936</u>	<u>47,174</u>	<u>155,110</u>	<u>186,710</u>	<u>(31,600)</u>
<b>TOTAL RECEIPTS</b>	<b>\$ 2,507,252</b>	<b>\$ 97,891</b>	<b>\$ 2,605,143</b>	<b>\$ 2,462,233</b>	<b>\$ 142,910</b>
<b>DISBURSEMENTS:</b>					
Instruction .....	\$ 1,660,187	\$ -0-	\$ 1,660,187	\$ 1,681,390	\$ 21,203
Support Services .....	697,813	-0-	697,813	791,045	93,232
Non-Instructional Programs .....	-0-	102,661	102,661	95,000	(7,661)
Other Expenditures .....	<u>190,898</u>	<u>-0-</u>	<u>190,898</u>	<u>130,406</u>	<u>(60,492)</u>
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 2,548,898</b>	<b>\$ 102,661</b>	<b>\$ 2,651,559</b>	<b>\$ 2,697,841</b>	<b>\$ 46,282</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>\$ (41,646)</b>	<b>\$ (4,770)</b>	<b>\$ (46,416)</b>	<b>\$ (235,608)</b>	<b>\$ 189,192</b>
<b>OTHER FINANCING SOURCES, Net</b>	<b><u>201</u></b>	<b><u>-0-</u></b>	<b><u>201</u></b>	<b><u>500</u></b>	<b><u>(299)</u></b>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b>\$ (41,445)</b>	<b>\$ (4,770)</b>	<b>\$ (46,215)</b>	<b>\$ (235,108)</b>	<b>\$ 188,893</b>
<b>BALANCES - BEGINNING OF YEAR</b>	<b><u>1,029,411</u></b>	<b><u>23,268</u></b>	<b><u>1,052,679</u></b>	<b><u>891,711</u></b>	<b><u>160,968</u></b>
<b>BALANCES - END OF YEAR</b>	<b><u>\$ 987,966</u></b>	<b><u>\$ 18,498</u></b>	<b><u>\$ 1,006,464</u></b>	<b><u>\$ 656,603</u></b>	<b><u>\$ 349,861</u></b>

See accompanying independent auditor's report.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

	<b>-----Governmental Funds-----</b>		
	<b>Cash Basis</b>	<b>Accrual Adjust- ments</b>	<b>Modified Accrual Basis</b>
Revenues .....	\$ 2,507,252	\$ 12,600	\$ 2,519,852
Expenditures.....	<u>2,548,898</u>	<u>(88,426)</u>	<u>2,460,472</u>
Net .....	\$ (41,646)	\$ 101,026	\$ 59,380
Other Financing Sources, Net .....	201	-0-	201
 BEGINNING FUND BALANCES	 <u>1,029,411</u>	 <u>(171,807)</u>	 <u>857,604</u>
ENDING FUND BALANCES	<u>\$ 987,966</u>	<u>\$ (70,781)</u>	<u>\$ 917,185</u>

	<b>-----Proprietary Fund Enterprise-----</b>		
	<b>Cash Basis</b>	<b>Accrual Adjust- ments</b>	<b>Accrual Basis</b>
Revenues .....	\$ 97,891	\$ 6,386	\$ 104,277
Expenses.....	<u>102,661</u>	<u>8,613</u>	<u>111,274</u>
Net .....	\$ (4,770)	\$ (2,227)	\$ (6,997)
 Beginning Net Assets	 <u>23,268</u>	 <u>6,147</u>	 <u>29,415</u>
Ending Net Assets	<u>\$ 18,498</u>	<u>\$ 3,920</u>	<u>\$ 22,418</u>

See accompanying independent auditor's report.

## **RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**

**YEAR ENDED JUNE 30, 2005**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2005, disbursements in the non-instructional and other expenditures functions exceeded the amounts budgeted.

## **OTHER SUPPLEMENTARY INFORMATION**

**RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT****COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS**

JUNE 30, 2005

	MANAGE- MENT LEVY	STUDENT ACTIVITY	PHYSICAL PLANT AND EQUIPMENT LEVY	TOTAL
<b><u>ASSETS</u></b>				
Cash and Pooled Investments .....	\$ 52,298	\$ 57,173	\$ 284,741	\$ 394,212
Receivables:				
Property Tax:				
Delinquent .....	1,887	-0-	164	2,051
Succeeding Year .....	45,498	-0-	63,867	109,365
Accounts .....	-0-	740	-0-	740
<b>TOTAL ASSETS</b>	<b><u>\$ 99,683</u></b>	<b><u>\$ 57,913</u></b>	<b><u>\$ 348,772</u></b>	<b><u>\$ 506,368</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Accounts Payable .....	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interfund Payable .....	-0-	-0-	-0-	-0-
Deferred Revenue:				
Succeeding Year Property Tax .....	45,498	-0-	63,867	109,365
<b>TOTAL LIABILITIES</b>	<b><u>\$ 45,498</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 63,867</u></b>	<b><u>\$ 109,365</u></b>
Fund Equity:				
Unreserved Fund Balances .....	<u>\$ 54,185</u>	<u>\$ 57,913</u>	<u>\$ 284,905</u>	<u>\$ 397,003</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 99,683</u></b>	<b><u>\$ 57,913</u></b>	<b><u>\$ 348,772</u></b>	<b><u>\$ 506,368</u></b>

See accompanying independent auditor's report.

**RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**

YEAR ENDED JUNE 30, 2005

	MANAGE- MENT LEVY	STUDENT ACTIVITY	PHYSICAL PLANT AND EQUIPMENT LEVY	TOTAL
Revenues:				
Local Sources:				
Local Tax .....	\$ 56,560	\$ -0-	\$ 64,488	\$ 121,048
Other .....	4,033	73,661	12,334	90,028
State Sources .....	<u>59</u>	<u>-0-</u>	<u>69</u>	<u>128</u>
TOTAL REVENUES	<u>\$ 60,652</u>	<u>\$ 73,661</u>	<u>\$ 76,891</u>	<u>\$ 211,204</u>
Expenditures:				
Current:				
Instruction:				
Regular Instruction.....	\$ 16,852	\$ -0-	\$ 11,490	\$ 28,342
Other Instruction .....	-0-	57,174	-0-	57,174
Support Services:				
Operation & Maintenance of				
Plant Services .....	31,452	-0-	-0-	31,452
Other Expenditures:				
Facilities Acquisition.....	<u>-0-</u>	<u>-0-</u>	<u>105,492</u>	<u>105,492</u>
TOTAL EXPENDITURES	<u>\$ 48,304</u>	<u>\$ 57,174</u>	<u>\$ 116,982</u>	<u>\$ 222,460</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures .....	\$ 12,348	\$ 16,487	\$ (40,091)	\$ (11,256)
Other Financing Sources (Uses):				
Transfer from General Fund .....	<u>7,168</u>	<u>-0-</u>	<u>61,505</u>	<u>68,673</u>
Net Change in Fund Balance	\$ 19,516	\$ 16,487	\$ 21,414	\$ 57,417
FUND BALANCES – BEGINNING OF YEAR	<u>34,669</u>	<u>41,426</u>	<u>263,491</u>	<u>339,586</u>
FUND BALANCES – END OF YEAR	<u>\$ 54,185</u>	<u>\$ 57,913</u>	<u>\$ 284,905</u>	<u>\$ 397,003</u>

See Accompanying Independent Auditor's Report.

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS STUDENT ACTIVITY ACCOUNTS

YEAR ENDED JUNE 30, 2005

ACCOUNT	BALANCE BEGINNING OF YEAR	REVENUES	EXPEND- ITURES	BALANCE END OF YEAR
Drama.....	\$ 391	\$ 228	\$ 367	\$ 252
Basketball.....	9,491	17,483	3,625	23,349
Track.....	647	421	1,039	29
Golf.....	1,487	1,304	475	2,316
Boys Football.....	6,723	4,358	6,692	4,389
J.H. Football.....	1,120	-0-	471	649
Boys Baseball.....	1,200	3,551	3,674	1,077
Boys Wrestling.....	14	-0-	-0-	14
Girls Basketball.....	1,131	-0-	1,131	-0-
Girls Volleyball.....	5,228	2,163	2,355	5,036
Girls Softball.....	135	15	-0-	150
BB-Club.....	3,503	-0-	81	3,422
Drill Team.....	122	-0-	122	-0-
R/A Club.....	841	694	1,506	29
National Honor Society.....	4	4,515	3,974	545
Music Club.....	502	100	81	521
Activity Tickets.....	1,776	4,705	5,583	898
Book Fair.....	466	2,165	2,153	478
Yearbook.....	607	4,910	764	4,753
Interest.....	630	197	827	-0-
Student Council.....	914	930	464	1,380
Mentor Club.....	-0-	6,767	6,331	436
Art Club.....	402	-0-	-0-	402
Class of 2003.....	131	-0-	131	-0-
Class of 2004.....	689	-0-	689	-0-
Class of 2005.....	3,368	50	2,093	1,325
Class of 2006.....	-0-	14,993	10,791	4,202
Earth Day Fundraiser.....	-0-	1,286	252	1,034
Marketing Club.....	-0-	2,086	1,599	487
Ending Accruals.....	-0-	740	-0-	740
Beginning Accruals.....	(96)	-0-	(96)	-0-
<b>TOTAL</b>	<b>\$ 41,426</b>	<b>\$ 73,661</b>	<b>\$ 57,174</b>	<b>\$ 57,913</b>

See accompanying independent auditor's report.



# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION ALL GOVERNMENTAL FUNDS

YEARS ENDED JUNE 30,

	<b>MODIFIED ACCRUAL BASIS</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
Revenues:			
Local Sources:			
Local Tax: .....	\$ 1,032,929	\$ 929,665	\$ 982,066
Tuition .....	158,525	126,847	122,130
Other .....	207,778	195,996	197,266
State Sources .....	1,012,684	981,925	1,006,617
Federal Sources .....	<u>107,936</u>	<u>111,729</u>	<u>116,463</u>
<b>TOTAL</b>	<b><u>\$ 2,519,852</u></b>	<b><u>\$ 2,346,162</u></b>	<b><u>\$ 2,424,542</u></b>
Expenditures:			
Instruction:			
Regular Instruction .....	\$ 1,086,146	\$ 1,015,731	\$ 973,501
Special Instruction .....	274,288	350,817	330,766
Other Instruction .....	249,753	137,768	155,483
Support Services:			
Student Services .....	54,654	53,979	86,932
Instructional Staff Services .....	18,141	31,770	28,449
Administration Services .....	311,179	308,610	288,935
Operation & Maintenance of Plant Services .....	171,899	140,566	129,157
Transportation Services .....	103,514	108,871	124,342
Other Expenditures:			
Facilities Acquisition .....	105,492	89,373	22,939
AEA Flowthrough .....	<u>85,406</u>	<u>79,743</u>	<u>85,359</u>
<b>TOTAL</b>	<b><u>\$ 2,460,472</u></b>	<b><u>\$ 2,317,228</u></b>	<b><u>\$ 2,225,863</u></b>

See accompanying independent auditor's report.

# DAVID A. MASKE

Certified Public Accountant

110 West 4<sup>th</sup> Street, Suite # 205  
P.O. Box 1297  
Spencer, IA 51301

712/262-6087  
(fax) 712/262-6089

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Ruthven-Ayrshire Community School District  
Ruthven, Iowa

I have audited the financial statements of Ruthven-Ayrshire Community School District, as of and for the year ended June 30, 2005, and have issued my report thereon dated December 21, 2005. I conducted my audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Ruthven-Ayrshire Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above, I believe item 05-1-A, is a material weakness. Prior year reportable conditions have all been resolved except for item 05-1-A.

### Compliance and Other Matters

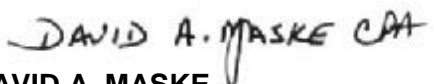
As part of obtaining reasonable assurance about whether the Ruthven-Ayrshire Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Ruthven-Ayrshire Community School District and other parties to whom Ruthven-Ayrshire Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the Ruthven-Ayrshire Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

December 21, 2005  
Spencer, Iowa

  
**DAVID A. MASKE**  
Certified Public Accountant

# RUTHVEN-AYRSHIRE COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2005

### PART I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

#### INSTANCES OF NON-COMPLIANCE:

No matters were reported.

#### REPORTABLE CONDITIONS:

- 05-I-A      Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual is primarily responsible for recording and reconciling the books and records of the District.

RECOMMENDATION - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

RESPONSE - We will continue our review our procedures and implement additional controls where possible.

CONCLUSION - Response accepted.

### PART II - OTHER FINDINGS RELATED TO STATUTORY REPORTING:

- 05-II-A      Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.

- 05-II-B      Certified Budget - Disbursements for the year ended June 30, 2005, exceeded the certified budget amounts in the non-instructional and other expenditures functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

- 05-II-C      Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979, were noted.

- 05-II-D      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 05-II-E      Business Transactions - No business transactions between the District and District officials or employees were noted.

- 05-II-F      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- 05-II-G      Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.

- 05-II-H      Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

- 05-II-I      Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policies were noted.

- 05-II-J      Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely, and I noted no significant deficiencies in the amounts reported.